

Message Text

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ORIGIN SS-15

INFO OCT-01 EA-07 NEA-10 ISO-00 H-02 SSO-00 NSC-05 NSCE-00

CIAE-00 INR-07 NSAE-00 INRE-00 EB-07 PM-04 DODE-00

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DRAFTED BY T:MJHOLBROOK:DLS

APPROVED BY T - MR. MAW

H - MR. STAHNKE

NEA - MR. DICKMAN

EA - MR. SHEPARD

S/S - MR. HOGANSON

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AMEMBASSY TEHRAN

AMEMBASSY JAKARTA

AMEMBASSY MANILA

C O N F I D E N T I A L STATE 218786

E.O. 11652: GDS

TAGS:PFOR, MASS, US, SA, IR, ID, RP

SUBJECT: HIGHLIGHTS OF LOCKHEED APPEARANCE BEFORE CHURCH
SUBCOMMITTEE

SUMMARY: LOCKHEED OFFICIALS TESTIFIED BEFORE CHURCH SUB-
COMMITTEE ON MULTINATIONAL CORPS ON SEPTEMBER 12. QUES-
TIONS FROM COMMITTEE FOCUSED ON (1) DETAILS OF DOCUMENTS
RELEASED BY COMMITTEE AND (2) EXTENT OF USG INVOLVEMENT IN
BRIBERY OF FOREIGN OFFICIALS. LOCKHEED DENIED ANY USG
ENCOURAGEMENT OF BRIBERY. NAMES OF FOREIGN GOVERNMENT
OFFICIALS ALLEGEDLY BRIBED NOT MENTIONED. END SUMMARY.

1. CHURCH SUBCOMMITTEE ON MULTINATIONAL CORPS. QUESTIONED
LOCKHEED CHAIRMAN HAUGHTON AND OTHER LOCKHEED OFFICIALS ON
9/12. FOLLOWING IS SUMMARY OF TESTIMONY CONCERNING FOUR
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COUNTRIES AND THE USG. PAGE NUMBERS REFER TO LOCKHEED

DOCUMENTS RELEASED BY SUBCOMMITTEE ON 9/11, BEING POUCHED SEPARATELY. NO MENTION WAS MADE OF IDENTITIES OF FOREIGN GOVERNMENT OFFICIALS WHO MAY HAVE RECEIVED BRIBES. WE BELIEVE CHURCH COMMITTEE HAS ALL NAMES IN DOCUMENTS. IN OPENING STATEMENT, SENATOR CHURCH ANNOUNCED THAT NAMES HAD BEEN DELETED IN ORDER TO AVOID UNNECESSARY EMBARRASSMENT AND DIFFICULTIES IN THE COUNTRIES INVOLVED.

2. SAUDI ARABIA: LOCKHEED OFFICIAL STATED THAT KHASHOGGI TOLD HIM PERSONALLY THAT OFFICIALS IN SAG NEEDED TO BE PAID

OFF; THE \$400,000 MENTIONED ON P. 124 AS A "SPECIAL ADJUSTMENT" TO KHASHOGGI WAS SUPPOSED TO GO TO SAG OFFICIALS. HAUGHTON STATED OTHER LOCKHEED EXECUTIVES SPOKE DIRECTLY TO SAG OFFICIALS WHO DEMANDED PAYMENTS. SENATOR PERCY ASSERTED, WITHOUT CONTRADICTION, THAT SOME SAG OFFICIALS DEMANDED AND GOT "DIRECT" PAYMENTS, THROUGH A DUMMY CORPORATION IN SWITZERLAND. HAUGHTON ACKNOWLEDGED REFERENCES ON P. 150 TO "MORE PLAYERS GETTING INVOLVED" MEANT MORE GOVERNMENT OFFICIALS. NEVERTHELESS, HE INSISTED LOCKHEED DID NOT KNOW IF ANY MONEY ACTUALLY REACHED SAG OFFICIALS. HE ASSERTED LOCKHEED AIRCRAFT INTERNATIONAL AG (P.96) WAS SET UP FOR LEGITIMATE BUSINESS PURPOSES. HE ALSO STATED THAT CONTRACT INVOLVING KHASHOGGI AND PRINCE KHALID (P. 143-145) WAS NOT AN ATTEMPT BY LOCKHEED TO RECOUP PAYMENTS MADE TO KHASHOGGI AND PRINCE KHALID IN AN EARLIER CONTRACT.

3. INDONESIA: HAUGHTON DEFENDED PROPRIETY OF REQUEST BY LOCKHEED FOR INFORMATION FROM U.S. EMBASSY IN JAKARTA ON STATUS OF LOCKHEED AGENT (DASAAD) WITH THE GOI (P. 21). LOCKHEED ASKED TO SUBMIT FOR RECORD EXPLANATION OF \$100,000 COMMISSION ALLEGEDLY PAID TO GOI MILITARY OFFICER IN 1971 (P. 45). HAUGHTON DENIED TAKING UP MATTER OF DIRECT KICKBACKS TO INDONESIA AIR FORCE OFFICERS IN 1970-1971 (PP. 38, 48) WITH U.S. EMBASSY.

4. IRAN: "FOREIGN INTRIGUE CHANNELS" (P. 180) DISCUSSED BRIEFLY AND INCONCLUSIVELY.

5. PHILIPPINES: LOCKHEED REQUESTED TO SUBMIT DOCUMENTA-
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TION ON LOCKHEED AGENT IN PHILIPPINES (ALSO WORKING FOR ANOTHER COMPANY) WHO TRIED TO SUBVERT USG RECOMMENDATION AGAINST SELLING C-130S TO PHILIPPINES IN 1971 (PP. 201 ET SEQ.).

6. USG INVOLVEMENT: MANY QUESTIONS ON WHETHER USG OFFICIALS DIRECTLY OR INDIRECTLY ENCOURAGED PAYMENT OF KICKBACKS. HAUGHTON EVASIVE, FINALLY ASSERTED THAT NO

USG OFFICIAL EVER SUGGESTED THAT LOCKHEED ENGAGE IN
BRIBERY, BUT THAT EMBASSY AND PENTAGON OFFICIALS MAY HAVE
BEEN AWARE OF WHAT WAS GOING ON. HAUGHTON WAS ASKED TO
SUBMIT NAMES OF ALL USG OFFICIALS (E.G. STATE, PENTAGON,
OR EMBASSIES) WITH WHOM LOCKHEED DISCUSSED BRIBERY
PROBLEM, AND NAMES OF ALL LOCKHEED AGENTS, INVOLVED IN
MILITARY SALES ABROAD DURING THE PAST 10 YEARS, WHO WERE
FORMERLY IN THE U.S. MILITARY SERVICES. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BRIBERY, US CONGRESSIONAL PRESENTATIONS, MULTINATIONAL CORPORATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE218786
Document Source: CORE
Document Unique ID: 00
Drafter: MJHOLBROOK:DLS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750318-0633
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750953/aaaabuvr.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2003 by BoyleJA>; APPROVED <18 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HIGHLIGHTS OF LOCKHEED APPEARANCE BEFORE CHURCH SUBCOMMITTEE
TAGS: PFOR, MASS, US, SA, IR, ID, RP, LOCKHEED
To: JIDDA MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006